

Congressional Briefing and Town Hall on H.R. 3149, the Equal Employment for All Act

Statement by Rep. Luis Gutierrez

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(Chicago, IL) - *At a time when Americans' credit histories are being wrecked by job loss, foreclosures and medical debt, more and more employers are using credit checks as a way to screen out job applicants. Civil rights and consumer groups contend that credit checks result in discrimination against African Americans and Latinos, while also placing job seekers in a "Catch-22" – unable to pay their bills because they don't have a job, and unable to get a job because they can't pay their bills. Rep. Luis V. Gutierrez held a Congressional Briefing and Town Hall on the Equal Employment for All Act, H.R. 3149, sponsored by Rep. Steve Cohen (D-TN) and co-sponsored by Rep. Gutierrez that would ban employment credit checks and put Americans back to work. The briefing highlighted the need to break the vicious cycle caused by credit checks, coming just three weeks after Gov. Quinn signed an Illinois State bill that prohibits this unfair practice that results in discrimination. Monday's hearing will launch a national legislative campaign to take credit histories out of the employment process. The following is a statement by Rep. Luis V. Gutierrez (D-IL), Chairman of the House Financial Services Subcommittee on Financial Institutions and Consumer Credit.*

Welcome everyone. First of all I would like to thank you all for coming today, especially those of you who have traveled here from Detroit, Boston and Los Angeles to participate in today's event. I would also like to thank UNITE HERE! and Henry Tamarin for helping to organize this

town hall and the good people of the First United Methodist Church for generously allowing us to use their sanctuary for this event today.

We're here today to speak about the use of your credit reports by potential employers to determine whether or not you should be hired. Your credit report is a compilation of your credit history, including things like your payment history and use of credit cards, car loans and mortgages. But a credit report isn't limited to your current accounts. It includes when one of your accounts has gone into collection, as well as if you've ever filed for bankruptcy, had a lien or a judgment against you.

The amount of negative information on these reports has increased dramatically: according to the Federal Reserve, since the beginning of this year, the number of people with foreclosures on their reports is up 8.7% and the number of reported bankruptcies has risen a remarkable 34%. It hasn't only been the effect of the recession over the past few years. The number of people who have collections on their credit reports has doubled over the last ten years. Today, 14% of all consumers have a collection on their report. Now, all of this information might be and should be useful to a loan officer at a bank who is deciding whether or not to give you that car loan or what rate your mortgage could be. But your credit reports are also being used for a much different purpose.

As the economy has worsened and employers have more and more applicants to choose from for each job, they are increasingly using your credit report to determine whether or not you should be hired. A recent survey by the Society for Human Resource Management indicated that 60% of employers now run credit checks on job applicants, and 76% of them run a check after you've been hired for the job! They appear to feel that by looking at your credit report, it can tell them your character, whether or not you can perform the job well and whether or not you will rob or steal from them. I couldn't disagree with this concept more.

Credit reports can in no way tell an employer how well you can do a job nor can they give an adequate idea of how likely you'd be to steal from someone or some company. How do you think Bernie Madoff's credit report looked? What about Ken Lay, the executive who destroyed Enron? You cannot tell the character of a person by their credit report and it should not be one of the determining factors of whether you get hired. Just because someone has build up debt or missed a few payments because of the illness of a loved one or because they've been a victim of a predatory mortgage does not make them less able to do the work at an office or a factory, nor does it make them more likely to steal from their employer.

That's the reason that I'm an original co-sponsor of H.R. 3149, the Equal Employment for All Act introduced by Rep. Steve Cohen that would prohibit the use of credit reports in all but a few job positions where we believe it is absolutely necessary. Background criminal checks may be relevant and should be allowed for circumstances like uncovering a criminal conviction when applying for a job in, say, banking or a nursing home. This legislation does not prohibit these kinds of background checks, it only prohibits using credit reports to make employment decisions.

I'm glad to be working with Unite Here!, the National Council of La Raza, the Lawyers Committee on Civil Rights and many others to get this important protection for workers into place. The unemployment rate in Illinois right now is 10.5%, higher than the national average of 9.5%. Congress must do everything that we can to eliminate one more stumbling block for the unemployed to get the jobs they need to take care of their families. Illinois has already led the nation by passing similar legislation offered by Rep. Jack Franks and Sen. Don Harmon that was signed into law earlier this month by Gov. Quinn.

47 years ago, the Reverend Martin Luther King Jr. said that he looked forward to a time when we are judged by the content of our character, not by the color of our skin. I and those who join with me in this effort look forward to a day when a potential employee is judged by the content of his character as well, and not by the content of his credit report.

In the next few weeks when we return to Washington I will work with Rep. Cohen and the others who support this bill to get the nation to follow Illinois' lead and get this legislation passed out of the Financial Services Committee and the U.S. House of Representatives. Thank you again for being here today. We're now going to hear from our panelists, some of whom have traveled a very long way to be with us today.

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